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Financial Fitness

WEALTH MANAGEMENT

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It can be hard to differentiate between financial advisors without directly experiencing their client service, communication, and overall technical ability. In this article, I highlight a few areas to focus on:

- *Personal Balance Sheet* – A capable advisor will advise individuals on their overall personal balance sheet and not just their investment accounts. Successful individuals typically have various assets ranging from cash, taxable investments, and retirement accounts along with real estate, life insurance policies, and other personal and business assets. Individuals will want to work with an advisor that demonstrates the ability to discuss and advise on their overall portfolio from an investment, tax planning, and estate planning perspective.
- *Tax Aware* – A strong advisor will inquire about your tax situation. An advisor that has an understanding of your overall tax picture will be in a better position to advise you on such topics as; should you invest in taxable bonds or tax-exempt bonds or should you tax harvest capital losses to offset other capital gains.
- *Fee Transparency* – While fees are what you pay and service is what you receive, a competent advisor should be transparent about their fees. Fee transparency provides clarity about how the advisor is compensated and starts the conversation in an open and honest manner.
- *Long-Term Disciplined Investment Approach* – A skilled advisor should discuss with you the importance of setting and adhering to a long-term investment policy. Industry studies have illustrated, over the long run, an investor's mix of assets (i.e., fixed income/equity investments) dictates the majority of one's return. That mix should be determined by personal investing objectives including; age, financial goals, and tolerance for risk. An investment policy, along with rebalancing, allows one to maintain a long-term view and not make short-term decisions based on emotions.
- *Holistic Long-Term Financial Planning* – The ultimate deliverable of an advisor should be to construct and execute a long-term financial plan tailored around your unique financial goals and objectives. Factoring in various spending and income levels, rates of return, and other financial planning considerations, Advisors prepare projections on how your financial future may play out between now and your preferred retirement age. A financial plan should clearly layout your long-term financial blueprint and instill confidence in your financial plan.

Initially, it may be difficult to delineate between financial advisors. However, you should take time to inquire with an advisor about their overall services. Use the guideline above to help shed light on key differences between advisors and put yourself in a position to make a confident and informed decision.

Please contact me to learn more about the services offered through Schneider Downs Wealth Management Advisors.

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